

# House Study Bill 285

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON VAN FOSSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to entities eligible to claim certain property=  
2 related tax credits.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 1892HC 81  
5 tm/gg/14

PAG LIN

1 1 Section 1. Section 15E.193B, subsection 5, Code 2005, is  
2 amended by adding the following new paragraph:  
1 3 NEW PARAGRAPH. f. If the eligible housing business is a  
1 4 limited partnership, the name of any limited partner who may  
1 5 be allocated all or a portion of a tax credit allowed under  
1 6 subsection 6, paragraph "a".  
1 7 Sec. 2. Section 15E.193B, subsection 6, paragraph a, Code  
1 8 2005, is amended to read as follows:  
1 9 a. An eligible housing business or a limited partner of  
1 10 the eligible housing business designated by the eligible  
1 11 housing business may claim a tax credit up to a maximum of ten  
1 12 percent of the new investment which is directly related to the  
1 13 building or rehabilitating of a minimum of four single-family  
1 14 homes located in that part of a city or county in which there  
1 15 is a designated enterprise zone or one multiple dwelling unit  
1 16 building containing three or more individual dwelling units  
1 17 located in that part of a city or county in which there is a  
1 18 designated enterprise zone. The new investment that may be  
1 19 used to compute the tax credit shall not exceed the new  
1 20 investment used for the first one hundred forty thousand  
1 21 dollars of value for each single-family home or for each unit  
1 22 of a multiple dwelling unit building containing three or more  
1 23 units. The tax credit may be used to reduce the tax liability  
1 24 imposed under chapter 422, division II, III, or V, or chapter  
1 25 432. Any credit in excess of the tax liability for the tax  
1 26 year may be credited to the tax liability for the following  
1 27 seven years or until depleted, whichever occurs earlier. If  
1 28 the business is a partnership, S corporation, limited  
1 29 liability company, or estate or trust electing to have the  
1 30 income taxed directly to the individual, an individual may  
1 31 claim the tax credit allowed. The amount claimed by the  
1 32 individual shall be based upon the pro rata share of the  
1 33 individual's earnings of the partnership, S corporation,  
1 34 limited liability company, or estate or trust except when a  
1 35 limited partnership designates a limited partner to claim the  
2 1 tax credit.

2 2 Sec. 3. Section 15E.193B, subsection 8, unnumbered  
2 3 paragraph 1, Code 2005, is amended to read as follows:  
2 4 The amount of the tax credits determined pursuant to  
2 5 subsection 6, paragraph "a", for each project shall be  
2 6 approved by the department of economic development. The  
2 7 department shall utilize the financial information required to  
2 8 be provided under subsection 5, paragraph "e", to determine  
2 9 the tax credits allowed for each project. In determining the  
2 10 amount of tax credits to be allowed for a project, the  
2 11 department shall not include the portion of the project cost  
2 12 financed through federal, state, and local government tax  
2 13 credits, grants, and forgivable loans. Upon approving the  
2 14 amount of the tax credit, the department of economic  
2 15 development shall issue a tax credit certificate to the  
2 16 eligible housing business or to a limited partner designated  
2 17 by the eligible housing business. An eligible housing  
2 18 business or the designated limited partner or transferee shall

2 19 not claim the tax credit unless a tax credit certificate  
2 20 issued by the department of economic development is attached  
2 21 to the taxpayer's return for the tax year for which the tax  
2 22 credit is claimed. The tax credit certificate shall contain  
2 23 the taxpayer's name, address, tax identification number, the  
2 24 amount of the tax credit, and other information required by  
2 25 the department of revenue. The tax credit certificate shall  
2 26 be transferable if low-income housing tax credits authorized  
2 27 under section 42 of the Internal Revenue Code are used to  
2 28 assist in the financing of the housing development. Tax  
2 29 credit certificates issued under this chapter may be  
2 30 transferred to any person or entity. Within ninety days of  
2 31 transfer, the transferee must submit the transferred tax  
2 32 credit certificate to the department of economic development  
2 33 along with a statement containing the transferee's name, tax  
2 34 identification number, and address, and the denomination that  
2 35 each replacement tax credit certificate is to carry and any  
3 1 other information required by the department of revenue.  
3 2 Within thirty days of receiving the transferred tax credit  
3 3 certificate and the transferee's statement, the department of  
3 4 economic development shall issue one or more replacement tax  
3 5 credit certificates to the transferee. Each replacement  
3 6 certificate must contain the information required to receive  
3 7 the original certificate and must have the same expiration  
3 8 date that appeared in the transferred tax credit certificate.  
3 9 Tax credit certificate amounts of less than the minimum amount  
3 10 established by rule of the department of economic development  
3 11 shall not be transferable. A tax credit shall not be claimed  
3 12 by a transferee under subsection 6, paragraph "a", until a  
3 13 replacement tax credit certificate identifying the transferee  
3 14 as the proper holder has been issued.  
3 15 Sec. 4. Section 404A.4, subsection 1, Code 2005, is  
3 16 amended to read as follows:  
3 17 1. Upon completion of the rehabilitation project, a  
3 18 certification of completion must be obtained from the state  
3 19 historic preservation office of the department of cultural  
3 20 affairs. A completion certificate shall identify the person  
3 21 claiming the tax credit under this chapter and the  
3 22 rehabilitation costs incurred up to the two years preceding  
3 23 the completion date. The person claiming the tax credit may  
3 24 be a limited partner designated by the limited partnership.  
3 25 Sec. 5. Section 422.11D, subsection 2, Code 2005, is  
3 26 amended to read as follows:  
3 27 2. An individual may claim a property rehabilitation tax  
3 28 credit allowed a partnership, limited liability company, S  
3 29 corporation, estate, or trust electing to have the income  
3 30 taxed directly to the individual. The amount claimed by the  
3 31 individual shall be based upon the pro rata share of the  
3 32 individual's earnings of a partnership, limited liability  
3 33 company, S corporation, estate, or trust except when a limited  
3 34 partnership designates a limited partner to claim the tax  
3 35 credit.

4 1 EXPLANATION  
4 2 This bill relates to entities eligible to claim certain  
4 3 property-related tax credits.  
4 4 The bill allows a tax credit to an eligible housing  
4 5 business under the enterprise zone program to be allocated to  
4 6 a limited partner designated by the limited partnership. The  
4 7 bill allows a tax credit for a property rehabilitation project  
4 8 certified under Code chapter 404A to be claimed by a limited  
4 9 partner designated by the limited partnership.  
4 10 LSB 1892HC 81  
4 11 tm:rj/gg/14